



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 12, 2008

H.R. 5554

Justin Bailey Veterans Substance Use Disorders Prevention and Treatment Act of 2008

*As ordered reported by the House Committee on Veterans' Affairs
on April 30, 2008*

SUMMARY

H.R. 5554 would require the Department of Veterans Affairs (VA) to expand the treatments and services available to veterans suffering from substance use disorders. In total, CBO estimates that implementing H.R. 5554 would cost about \$360 million over the 2009-2013 period, assuming appropriation of the specified and estimated amounts. Enacting the bill would not affect direct spending or revenues.

H.R. 5554 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5554 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

BASIS OF ESTIMATE

CBO assumes that the legislation will be enacted by the end of fiscal year 2008, that the specified and estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for the VA medical services program.

	By Fiscal Year, in Millions of Dollars					2009-
	2009	2010	2011	2012	2013	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Treatment for Substance Use Disorders						
Estimated Authorization Level	73	70	73	76	79	371
Estimated Outlays	65	69	72	75	78	359
Pilot Program						
Estimated Authorization Level	0	2	2	0	0	3
Estimated Outlays	0	1	2	*	*	3
Total Changes						
Estimated Authorization Level	73	72	75	76	79	374
Estimated Outlays	65	70	74	75	78	362

Note: Numbers may not sum to totals because of rounding; * = less than \$500,000.

Treatment for Substance Use Disorders

Section 2 would require VA to provide certain services and treatments to veterans suffering from substance use disorders, either at VA medical facilities or through contracts at community-based organizations. After adjusting for anticipated inflation, CBO estimates that implementing this provision would cost about \$360 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

According to VA, some of the services and treatments specified under the bill are already being provided. Most of the costs of this provision (about \$330 million over the five-year period) stem from providing detoxification and stabilization services, residential care, and intensive outpatient care, which are discussed below. Other services, such as screening, counseling, opioid substitution therapy, other pharmacological treatments, and relapse prevention, would result in additional costs of about \$30 million over that period, assuming appropriation of the necessary amounts.

Detoxification and Stabilization Services. Based on information from VA, CBO estimates that to provide the detoxification and stabilization services specified in the bill, VA would need to hire 153 advanced practice nurses (one at each medical center) at an annual cost of \$135,000 each (in 2008 dollars). We estimate that implementing this provision would cost \$109 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

Residential Care. Based on information from VA, CBO estimates that to provide the level of residential care required by the bill, VA would need to add an additional 110 beds nationwide at an annual cost of \$16 million and would have start-up costs of \$5 million. We estimate that implementing this provision would cost \$90 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

Intensive Outpatient Care. According to VA, the intensive outpatient care required under the bill could be provided at both community-based outpatient clinics (CBOCs) and VA medical centers. Based on information from VA, CBO estimates that VA would hire the equivalent of 185 full-time counselors to work in over 1,000 CBOCs. Each counselor would provide group treatment (therapy of three hours a week over three months to 50 patients at a time) to about 200 patients a year, and would be paid an average of \$71,500 a year (in 2008 dollars).

Based on information from VA, CBO estimates that establishing similar intensive outpatient care in VA medical centers would require VA to upgrade programs in 50 medical centers by hiring three additional employees at each center, at an average annual cost of \$71,500. In addition, we estimate that VA would require additional appropriations of \$1 million a year to initiate specialty care for substance use disorders at one medical center.

In total, and after adjusting for anticipated inflation, CBO estimates that implementing this provision at CBOCs and medical centers would cost \$132 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

Pilot Program

Section 4 would require VA to operate a pilot program to assess the feasibility of providing veterans access to self-assessment, education, and treatment programs for substance abuse on the Internet. For that purpose, the bill would authorize the appropriation of \$1.5 million a year in 2010 and 2011.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5554 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On April 7, 2008, CBO transmitted a cost estimate for S. 2162, the Veterans Mental Health Improvements Act of 2007, as ordered reported by the Senate Committee on Veterans' Affairs on November 14, 2007. Section 102 of S. 2162 and section 2 of H.R. 5554 are similar, as are their estimated costs over the 2009-2013 period. Because CBO assumed an earlier enactment date for S. 2162, we estimated that section 102 would cost \$17 million in 2008.

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